



March 14, 2013

The Honorable Dave Camp
Chairman
House Committee on Ways and Means
1101 Longworth HOB
Washington, DC 20515

Chairman Camp:

It's come to my attention that next week the Ways and Means Committee will be holding a hearing on tax reform and tax provisions that affect state and local governments. While I unfortunately cannot attend the hearing, as a Commissioner for Grand Traverse County and as Vice-Chair of the National Association of Counties Finance and Intergovernmental Affairs Steering Committee, I would like to take a moment to stress the importance of tax-exempt municipal bonds for local government.

I commend you for the work you have done thus far in undertaking such a monumental task as comprehensive tax reform. However, I am aware of the various proposals made thus far that would alter the tax-exempt status of municipal bonds and I strongly urge you as a partner in our federalist system of government, to not hamper the ability of local officials like me to provide for critical infrastructure and service needs.

To alter the municipal bond market that has operated fairly well for over 100 years will certainly hurt county government in the form of increased borrowing costs to finance critical needs. Did you know that county governments: own and maintain 44 percent of America's Roadways, own 964 hospitals and manage 1,947 health departments, own and maintain over 228,000 of America's bridges, and own and maintain almost one-third of America's transit systems and airports. These are just a few functions that county government serves where municipal bonds can play a significant role.

The impact does not stop, however, at the county government. The local communities served by the county will be impacted as well. County governments, like Grand Traverse County, often assist other local entities such as transportation or hospital authorities by providing the necessary financing to assist them in meeting the public demand for government services.

The increased costs could not come at a worse time, since county governments across the nation are still dealing with the impact of reduced funding due to lower property tax revenues and reduced funding from the state and federal governments. Without the tax-exemption, the effectiveness of the municipal bond market would be significantly dampened, creating higher borrowing costs for counties, less infrastructure investment and fewer jobs.

Sincerely,

Larry Inman
Commissioner, Grand Traverse County, MI